



SENATE BILL 26: Add'l Local Sales Tax/Sampson County.

2023-2024 General Assembly

Committee:	Senate Finance. If favorable, re-refer to State and Local Government. If favorable, re-refer to Rules and Operations of the Senate	Date:	June 26, 2023
Introduced by:	Sen. Jackson	Prepared by:	Trina Griffin
Analysis of:	First Edition		Staff Attorney

OVERVIEW: *Senate Bill 26 would authorize Sampson County to levy, by resolution, an additional local sales and use tax of up to 1%, the proceeds of which may be used for any public purpose. If levied, the combined State and local rate of sales and use tax in Sampson County would be 8%.*

CURRENT LAW:

Sampson County. – Sampson County levies a local sales and use tax rate of 2.25%. When combined with the State rate, the total rate is 7%.

Generally. – The local sales and use tax rate varies among the counties, ranging from 2% to 2.75%.¹ Under current law, there are 6 counties that *could* have a total local sales and use tax rate of two and three-quarters (2.75%), for a total State and local rate of 7.5%. Those counties are: Durham, Forsyth, Guilford, Mecklenburg, Orange, and Wake.² Only 2 counties are levying at that rate: Durham and Orange. The maximum that may be levied in the other 94 counties is two and one-half percent (2½%). The reason for the difference is that those 94 counties may only levy a one-quarter cent (¼%) tax for public transportation. The remaining local taxes for those counties are the same.

"General Purpose" Quarter-Cent Tax (Article 46). – In 2007, the General Assembly gave counties a local-option, quarter-cent sales tax. The tax must be approved by voters in a referendum before it can be adopted. The proceeds of the tax are not shared with the cities and may be used for any public purpose. Currently, 47 counties levy this tax.

Public Transportation (Article 43). – Counties may levy, upon referendum, a local sales and use tax to be used only for public transportation if the county or at least one unit of local government in the county operates a public transportation system. "Public transportation system" is broadly defined as any combination of real and personal property established for purposes of public transportation, but specifically excludes streets, roads, and highways (except to the extent they are dedicated to public transportation vehicles). The rate of tax that may be levied for this purpose is ½% for the following six counties: Durham, Forsyth, Guilford, Mecklenburg, Orange, and Wake.³ The rate of tax that may be levied in all other counties is ¼%.

¹See Table #1 in the **BACKGROUND** section of this Bill Analysis for a listing of current local option sales and use tax rates in all 100 counties.

² To reach the maximum, a county would have to levy the first cent, the first one-half cent, the second one-half cent, the one-half cent public transportation tax, and the one-quarter cent tax. To date, only 2 of these 6 counties levy the maximum: Durham and Orange.

³ Of these six counties, Durham and Orange are the only ones that also levy the quarter-cent tax under Article 46.

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Currently, the only counties levying a tax under this Article are Mecklenburg,⁴ Durham,⁵ Orange,⁶ and Wake⁷ Counties. None of the 94 counties levy the 1/4¢ tax under this Article.

BILL ANALYSIS: Senate Bill 26 would authorize Sampson County, by resolution and after not less than 10 days' public notice and after a public hearing, to levy an additional local sales and use tax of up to 1%. The proceeds of the tax could be used for any public purpose and would not be allocated between the county and the municipalities in the county. If enacted, Sampson County would be the only county with this additional authority. The current maximum local sales and use tax rate is 2.75% for six counties and 2.5% for the remaining 94. Under this bill, Sampson County could have a maximum local sales and use tax rate of 3.5%.

EFFECTIVE DATE: This act is effective when it becomes law.

BACKGROUND:

Sales and Use Tax Rates Across North Carolina Counties							
Tax Rate	County						
6.75% Total:	Alamance	Carteret	Davie	Iredell	Pamlico	Transylvania	Wilson
4.75% State	Avery	Caswell	Franklin	Johnston	Pender	Tyrrell	Yadkin
1.00% Art. 39	Beaufort	Chowan	Gates	Lenoir	Perquimans	Union	Yancey
0.50% Art. 40	Bladen	Cleveland	Granville	Macon	Person	Vance	
0.50% Art. 42	Brunswick	Columbus	Guilford	McDowell	Polk	Warren	
	Burke	Craven	Henderson	Mitchell	Richmond	Washington	
	Caldwell	Currituck	Hoke	Nash	Scotland	Watauga	
	Camden	Dare	Hyde	Northampton	Stokes	Wayne	
7.00% Total:	Alexander	Catawba	Edgecombe	Haywood	Martin	Randolph	Surry
4.75% State	Alleghany	Chatham	Forsyth	Hertford	Montgomery	Robeson	Swain
1.00% Art. 39	Anson	Cherokee	Gaston	Jackson	Moore	Rockingham	Wilkes
0.50% Art. 40	Ashe	Clay	Graham	Jones	New Hanover	Rowan	
0.50% Art. 42	Bertie	Cumberland	Greene	Lee	Onslow	Rutherford	
0.25% Art. 46	Buncombe	Davidson	Halifax	Lincoln	Pasquotank	Sampson	
	Cabarrus	Duplin	Harnett	Madison	Pitt	Stanly	
7.25% Total:	Mecklenburg Wake						
4.75% State							
2.50% ----->	1% Art. 39 + 0.5% Art. 40 + 0.5% Art. 42 + 0.5% Art. 43						
7.50% Total:	Durham Orange						
4.75% State							
2.75% ----->	1% Art. 39 + 0.5% Art. 40 + 0.5% Art. 42 + 0.5% Art. 43 + 0.25% Art. 46						

Source: North Carolina Department of Revenue

⁴ Mecklenburg County passed a one-half cent sales tax for transit, with 58% of the voters in favor, in November 1998. The county began levying the tax April 1, 1999.

⁵ Durham County passed a one-half cent sales tax for transit, with 60% of the voters in favor, in November 2011. The county began levying the tax April 1, 2013.

⁶ Orange County passed a one-half cent sales tax for transit, with 59% of the voters in favor, in November 2012. The county began levying the tax April 1, 2013.

⁷ Wake County passed a one-half cent sales tax for transit, with 53% of the voters in favor in November 2016. The county began levying the tax April 1, 2017.